

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

WEDNESDAY, OCTOBER 28, 2020
TELEPHONE CONFERENCE MEETING

Tim Holden, Chairman
Mike Negra, Board Member
Mary Isenhour, Board Member
Michael Demko, Executive Director
John Stark, Board Secretary

[Office of Chief Counsel](#)
[Bureau of Licensing](#)
[Bureau of Human Resources](#)
[Bureau of Accounting & Purchasing](#)

[Office of Retail Operations](#)
[Bureau of Product Selection](#)
[Financial Report](#)
[Other Issues](#)

PUBLIC MEETING – 11:00 A.M

CALL TO ORDER *Chairman Holden*

Pledge of Allegiance to the Flag

Chairman Holden made an opening statement thanking everyone for their continued cooperation and understanding as the PLCB is dealing with COVID-19 and the need to meet in this telephonic fashion. Chairman Holden stated that we still face a very serious health crisis. As of today, approximately 189,649 Pennsylvanians have been infected and sadly, approximately 8,696 have passed away. Chairman Holden added that two individuals with whom he is acquainted were affected by the virus recently and that he is therefore taking the severity of the crisis even more seriously.

Chairman Holden then invited Carl Jolly, Director of Retail Operations, to discuss a situation affecting the PLCB's Fine Wine & Good Spirits stores in the Philadelphia area. Director Jolly indicated that due to civil unrest in Philadelphia, twenty Fine Wine & Good Spirits stores were broken into and looted during the late evening hours of Monday, October 26, 2020, and early morning hours of Tuesday, October 27, 2020. Eighteen stores were subsequently broken into and looted during the same timeframe the following night, more than half of which had been targets of similar action the night before. Director Jolly stated that at the time of the teleconference, twenty of the forty-eight stores in Philadelphia were remaining closed due to extensive damage, ten stores were operating according to a curbside delivery system, and seventeen stores were open for retail. Director Jolly affirmed that the single licensee service center for bars and restaurants was open as well. In addition, in conjunction with the City of Philadelphia and local police, the Board and the PLCB's Executive Director decided to close all affected retail and curbside delivery stores at 5:00 p.m. on the date of the teleconference to ensure customer and employee safety as had been done the previous night. Emphasizing the continuously changing nature of information with respect to the situation, Director Jolly stated that the numbers provided reflected the most recent updates from the Store Operations team.

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve previous Board Meeting Minutes of the October 7, 2020 meeting.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve previous Board Minutes.

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PUBLIC COMMENT ON AGENDA ITEMS

The Board has reserved 10 minutes for Public Comment on printed agenda items.

Mr. Dave Foulk introduced himself and stated that he is a resident of the Borough of Wrightsville in York County. He inquired as to whether the second item on the agenda involving the potential approval of a noise exemption for the municipality in which he resides could be tabled until additional information could be shared with the Board. Mr. Foulk stated he believed the public hearing pertaining to the noise exemption had not been advertised properly and was attended by only two residents who were opposed to the action. He cited numerous complaints with respect to noise associated with an establishment known as the Burning Bridge Tavern.

According to Mr. Foulk, noise from the establishment had been an issue almost every Friday and Saturday evening since Memorial Day weekend and could be observed to emanate from the street since the establishment is permitted to serve alcohol outdoors. Mr. Foulk indicated that his efforts to resolve the matter with the Hellam Township Police have been unsuccessful. According to Mr. Foulk, there is at least one open investigation associated with the establishment, being conducted by the Bureau of Liquor Control Enforcement, that had been initiated approximately three weeks prior to the date of the teleconference. Mr. Foulk cited an infraction which occurred over the weekend and stated the Liquor Control Enforcement officer responsible for the investigation advised residents that the establishment in question had been the subject of at least three additional investigations. Mr. Foulk affirmed that noise from the Burning Bridge Tavern can be heard within his residence, located approximately one and a half blocks from the establishment, and questioned the Board with regards to what could be done regarding the ongoing noise problem.

Chairman Holden stated that he would defer to Chief Counsel Rodrigo Diaz for advice after indicating his awareness of the fact that the Chief of Police had testified in favor of the licensee in question along with three other residents.

Chief Counsel Diaz advised against considering any additional testimony since the Liquor Code makes it clear that evidence produced at the public hearing, which would have been advertised in the local newspaper, is most significant. Chief Counsel Diaz emphasized the fact that the municipality had initiated this action by requesting that the Board exempt the entire township from the Liquor Code statute pertaining to noise and referred to the police department's acceptance of the action and the fact that the Board had received a copy of the municipal noise exemption ordinance.

Chief Counsel Diaz explained that when a municipality requests an exemption for the first time, an approval is typically granted for a single year to allow a municipality the opportunity to decide whether or not an additional request should be pursued. Tabling the agenda item would primarily not be possible, according to Chief Counsel Diaz, because by statute a decision is required within sixty days and the next Board meeting would not occur until after the deadline of November 2, 2020. Chief Counsel Diaz further explained that a municipality can rescind all or part of an exemption by providing written notice to the Board within fifteen days of the rescission date but emphasized that municipalities are ultimately responsible for addressing noise issues.

Board Member Negra provided clarification regarding the fact that the noise exemption being discussed applied not only to a single establishment but to the entire Borough and its eight licensees. Board Member Negra thanked Mr. Foulk for his comments.

Mr. Foulk indicated he did not realize the exemption would apply to more than one licensee and stated that he was not aware of noise issues associated with other local licensees. He expressed gratitude to the Board

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for allowing him to express his concerns but also indicated that he was not optimistic that any attempts to work with the municipality to resolve the matter would be fruitful.

Mr. Neil Stredid, calling on behalf of the York Daily Record, also joined the teleconference to inquire as to the Board’s position regarding Governor Wolf’s proposal to waive liquor license fees for the coming year. Chairman Holden affirmed that this topic constituted an agenda item and invited Mr. Stredid to address the Board with any questions or comments following the Board’s discussion.

NEW BUSINESS

From the Office of Executive Director..... Michael Demko

Transfer to General Fund:

The Office of Budget requests a transfer of one hundred million dollars (\$100,000,000.00) in the month of November 2020 from the State Stores Fund to the General Fund. The Finance team will schedule when this transfer will occur.

The transfer of this prescribed amount of \$100,000,000.00 will be processed as authorized in Expenditure Symbol Notification Number 20-039.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Member Negra stated he would not have considered the possibility of such a transaction earlier in the year and expressed his satisfaction with the agency’s ability to allow this to happen.

Board Member Isenhour echoed Board Negra’s comments and stated that she would proudly second Board Member Negra’s motion.

Chairman Holden expressed gratitude to the entire team.

Board Decision: Unanimously agreed (3-0 vote) to approve the transfer of one hundred million dollars (\$100,000,000.00) in the month of November 2020 from the State Stores Fund to the General Fund.

From the Office of Chief Counsel.....Rodrigo Diaz, Chief Counsel

(1) **Acme Markets, Inc.**
LID 102297
License No. R-18498

Rescission of Conditional
Licensing Agreement

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Chief Counsel Diaz indicated that the conditional licensing agreement rescission request in question involved a new licensee and that the Office of Chief Counsel recommended the request be granted.

Board Decision: Unanimously agreed (3-0 vote) to approve the rescission of conditional licensing agreement.

- (2) **Borough of Wrightsville** Municipal Petition for the
20-NE-18 Exemption of Noise Ordinance

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Member Isenhour stated that, though she understood the concerns expressed earlier in the meeting by Mr. Foulk, it seemed as though the Board's only option was to approve this agenda item.

Board Decision: Unanimously agreed (3-0 vote) to approve noise exemption from October 28, 2020 through October 28, 2021.

- (3) **Wilson Restaurant Corporation** Proposed Conditional Licensing
LID 17772 Agreement
License No. R-16104

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve renewal with proposed conditional licensing agreement.

- (4) **Jet Wine Bar, LLC** Modification of Conditional
LID 62158 Licensing Agreement
License No. R-3180

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve the modification of conditional licensing agreement.

- (5) **Advisory Notice No. 27 (2nd Revision)** Revision of Advisory Notice

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Board Member Negra asked Chief Counsel Rodrigo Diaz to provide some background information.

Chief Counsel Diaz explained that when the Governor originally declared an emergency due to the public health crisis in March, the Board issued Advisory Notice No. 27 to advise licensees as to what steps the Board had been taking to respond to the crisis. Chief Counsel Diaz indicated that the Board had allowed licensees, who under normal circumstances would have been required to renew or validate their licenses, to continue operating and that rules pertaining to safekeeping had been modified.

The current Advisory Notice revision, in accordance with a request from the Governor, requires licensees to bring licenses up-to-date with regard to renewal, though licensees will have until the end of the year to do so. Retail licensees will not be charged certain fees for the coming year and safekeeping rules will continue to be somewhat flexible upon approval of this Advisory Notice revision. Chief Counsel Diaz stated this action constitutes rather aggressive use of the Board's authority.

Board Member Isenhour made the following statement:

Across Pennsylvania many of our restaurants, bars, taverns, and other hospitality venues have answered the call during this pandemic to protect the health and safety of their fellow Pennsylvanians. They prioritized those concerns above their own self-interest. They adjusted their business models to accommodate takeout, curbside service, and many reduced their hours and adjusted their capacities. Most of them are doing their very best to mitigate the spread of this virus at great expense and great challenge. We are all grateful for those efforts.

Today, the Pennsylvania Liquor Control Board has an opportunity to take an unprecedented step to help them in a small but very significant way by waiving many of the fees that are associated with these licenses. Because of the hard work and ingenuity of our employees and the patience of our customers, the PLCB is in a very strong financial position to be able to do so.

Mr. Chairman, I'd like to make a motion and for the record, I want to acknowledge the struggles that those in this industry have faced and to recognize the efforts of the employees of the PLCB who have put us in a position to be able to help these small, struggling businesses.

Board Member Isenhour made a motion to adopt Advisory Notice No. 27, Revision No. 2.

Chairman Holden echoed Board Member Isenhour's remarks and stated that he hears first-hand accounts of the struggles licensees are currently facing. He also confirmed her statement that the agency is in a strong position financially and will remain able to fulfill its obligations to the Commonwealth upon approval of this Board action.

Board Member Negra stated that he could not support this measure not because I don't believe in helping small businesses involved in the restaurant and bar business across the commonwealth, but because of the process proposed to provide that help. I believe our job in this agency is to be administrators of elected officials' direction through legislation. That's how the Liquor Code, the Administrative Code, etc. have come to be by legislative action. This circumvents that process and, in my mind, we are legislating with this Advisory Notice.

Board Member Negra stated that Senator Stefano had recently introduced a bill (SB 1301) which would accomplish what is being proposed in this meeting. Board Member Negra believes that it is the responsibility of the legislature, along with the Governor, to provide the Board with the necessary authority, if they choose, through legislation to waive these fees. As proposed, I consider the

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justification giving us the authority to approve this as a stretch for the fees being waived in the Administrative Code and the changes to the Liquor code containing the surcharge and safekeeping fees. Board Member Negra stated that he did not wish to begin a legal debate as that is for others, but it is painfully obvious to me that we are legislating this issue as the Board searches for a way to get a yes at the request of the Governor. I wish the operators nothing but the best and hope the powers to be can find a way to assist them in a meaningful way during this pandemic. Board Member Negra concluded that his vote is no.

Chairman Holden emphasized that the Board is dealing with an emergency situation and stated that since the Governor asked the Board to assist licensees and the agency's Chief Counsel confirmed that the Board had the authority to do so through the Advisory Notice revision, he would second Board Member Isenhour's motion.

Motion Made: Board Member Isenhour

Seconded: Chairman Holden

Negative vote: Board Member Negra

Board Decision: Agreed (2-1 vote) to approve the revision of Advisory Notice No. 27.

*From the Bureau of Licensing Tisha Albert, Director of Regulatory Affairs
Barbara Peifer, Director, Bureau of Licensing*

- | | |
|--|---|
| <p>(1) Fun City, LLC
t/a Boxcar Brew Works
G-35279 (LID No. 85544)
1290 Rich Highway
DuBois, Clearfield County</p> | <p>Extension of License &
Requests to De-License Areas
& to Conduct Another
Business on the Licensed
Premises - Brewery</p> |
|--|---|

Motion Made: Board Member Negra

Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve the extension of license and requests to de-license areas and to conduct another business on the licensed premises.

- | | |
|---|--|
| <p>(2) Round One Entertainment, Inc.
t/a Round1
E-3005 (LID No. 103349)
142 Park City Mall, Space A0200
Lancaster, Lancaster County</p> | <p>Double Transfer & Requests for
Interior Connections with
Other Businesses & to
Conduct Another Business on the
Licensed Premises – Eating
Place Malt Beverage</p> |
|---|--|

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve the double transfer and requests for interior connections with other businesses and to conduct another business on the licensed premises.

- (3) **Still Shining, LLC** Requests to De-License Areas
t/a Hillbilly Hooch & for an Interior Connection with
AL-42749 (LID No. 98782) Another Business – Limited
2481 Lancaster Pike Distillery
Cumru Township
Reading, Berks County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve the requests to de-license areas and for an interior connection with another business.

- (4) **Déjà Vu Restaurant & Lounge of PA, LLC** Conditional Licensing
H-1785 (LID No. 70680) Case No. 2020-70680 Agreement
337-345 Hamilton Street Renewal – District 4
Allentown, Lehigh County

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve renewal with proposed conditional licensing agreement.

- (5) **KWLT, LLC** Conditional Licensing
t/a Platinum Plus Agreement
R-4008 (LID No. 64796) Case No. 2018-64796 Renewal – District 4
1251 Airport Road
Allentown, Lehigh County **HOLD – 8/19/20 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve renewal with proposed conditional licensing agreement.

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(6) The Lounge on Verona, LLC
R-15608 (LID No. 66791) Case No. 2019-66791
4343 Verona Road
Penn Hills Township
Verona, Allegheny County

Conditional Licensing
Agreement
Renewal – District 5

HOLD – 12/4/19 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve renewal with proposed conditional licensing agreement.

*From the Bureau of Human Resources Jason Lutcavage, Director of Administration
Jennifer Haas, Director, Bureau of Human Resources*

Personnel Actions--- There were 12 personnel actions presented for consideration.

- (1) Amy Aisien - Removal**
- (2) Natalia Boczar – Removal**
- (3) Samantha Crider – Removal**
- (4) Latonia Devers – Removal**
- (5) Martine Evans – Removal**
- (6) Sean Freer - Removal**
- (7) Robert McWilliams – Removal**
- (8) Jaleel Mohamed – Removal**
- (9) Darrien Morrison – Affirm Removal**
- (10) Steven Ristila – Removal**
- (11) Rhonda Scruggs – Removal**
- (12) Douglas Ware - Demotion**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve all Personnel Actions.

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*From the Bureau of Accounting & Purchasing Michael Demko, Director of Finance
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing
Mike Freeman, Director, Bureau of Financial Management & Analysis*

Procurement Actions:

- (1) **Consolidation and Delivery Services for International Merchandise Renewal** – To continue consolidating international beverage alcohol products and transporting them from the following locations, including but not limited to, Europe, South America, Australia, New Zealand, and South Africa, to the PLCB’s Distribution Centers and the e-commerce fulfillment center.

Renewal Option to RFP Contract 20141107 – VENDOR: **JF Hillebrand USA, Inc.** – TERM: Two years for the period 11/01/2020 through 10/31/2022 - **\$4,000,000.00 estimated cost.**

- (2) **Cisco Smartnet Maintenance and Support Renewal** – Provide Cisco Smartnet hardware and software maintenance for the PLCB’s Cisco network components such as switches, routers, access points, and other appliances. These components are installed in Distribution Centers, Regional Offices, PLCB Central Office, and Point of Sale (POS) stores.

Procured via DGS Contract #4400020304 – VENDOR: **ePlus Technology Inc.** – TERM: One year for period 11/1/2020 through 10/31/2021 – **\$97,163.42 estimated cost** which represents a 3% decrease from last year’s cost of \$100,141.72.

- (3) **Northwest Office Building (NWOB) Granite Restoration** – Phase two of the NWOB granite wall and cap repair project surrounding the James and Boas Street sides of NWOB.

Procured via DGS Job Order Contracting (JOC) Program – VENDOR: **Lobar Associates Inc. and The Gordian Group Inc.** – **\$136,182.58 estimated cost** (Lobar Associates Inc. construction cost – \$130,156.34 and The Gordian Group Inc. Administrative fees – \$6,026.24).

- (4) **PLCB Regulatory Affairs System (PLCB+) Change Request** – This Change Request will address PA Department of Revenue’s implementation of a new integrated tax solution. This modernization effort includes the replacement of the Revenue Integrated Clearance System (RICS) and is scheduled to go live on November 30, 2020. This will require changes of the current RICS webservice process in POSSE to transition to a flat file format using SFTP to send and receive files.

Procured via Change Request 46 to Contract 20121101 – VENDOR: **Computronix USA, Inc.** – **\$132,000.00 estimated cost.**

- (5) **WebSphere Commerce Software Support Renewal** - WebSphere is used for the Fine Wine and Good Spirits E-Commerce site. This includes both the standard and cloud options. This package is vital to our current operations. Without this software, the Agency would not be able to maintain an E-Commerce presence.

Procured via DGS Contract #4400020751 – VENDOR: **Insight Public Sector** – TERM: One year for period 11/1/2020 through 10/31/2021 - **\$212,028.00 estimated cost** which represents a 1.44% increase from last year’s cost of \$208,992.00.

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Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve all Procurement Actions.

Inter-Agency Charges:

None

From the Office of Retail Operations Carl Jolly, Director of Retail Operations

**1. #2504 – 10720 West Main Street, North East
Amendment**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve Retail Operations action.

*From the Bureau of Product Selection Vacant, Director of Marketing & Merchandising
Tom Bowman, Director, Bureau of Product Selection*

VENDOR – ITEM NAME

BOARD ACTION REQUESTED

Various
Various

- 1. Regular New Items Accepted
- 2. Regular Recommended Delist

1. Regular New Items Accepted

BRAND NAME AND SIZE

REASON

Majestic WS USA Inc

Lawless Oakville Cabernet Sauvignon 750 mL	18
Stationmaster Cabernet Sauvignon Alexander Valley 750 mL	18
Stationmaster Red Blend Alexander Valley 750 mL	18
Stationmaster Chardonnay Russian River Valley 750 mL	18

RECOMMENDED ACTION: We recommend the Board approve this action

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New Items – Recommended Listings

Reason Codes

1. Strong marketing support
2. High brand recognition
3. Line/Size extension of successful brand
4. Trade up opportunity
5. Growing category
6. Growing segment
7. National rollout
8. Niche item / Limited distribution
9. High dollar profit potential
10. Trade out
11. High quality for the value
12. Innovative product/ flavor
13. High sales through other PLCB channels (Luxury, Online, SLO)
14. Underrepresented category/segment
15. Hole in selection – consumer/store requests
16. PA Spirits
17. PA Wines
18. Licensee only
19. Probationary listing

2. Regular Recommended Delist

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Brothers International</u>	
TreeHugger Organic Nero d'Avola Italy 750 mL	98289
TreeHugger Organic Pinot Grigio Grillo Italy 750 mL	98290
<u>Capital Wine and Spirits</u>	
Zonin Winemakers Selection Prosecco Italy 750 mL	756
<u>Empson USA Inc</u>	
Fruttuosa Winemakers Selection Rose Cuvee Sparkling Wine Italy 750 mL	772
<u>Grapes and Barley LLC</u>	
Francais Winemakers Selection Cabernet Franc France 750 mL	757
<u>Majestic WS USA Inc</u>	
Lavila Winemakers Selection Rose Languedoc 750 mL	742
Piccini Winemakers Selection Chianti Classico 750 mL	743
Salinan Winemakers Selection Cabernet Sauvignon Paso Robles 750 mL	745
Vina Zaco Tempranillo Rioja 750 mL	3453

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Palm Bay Imports Inc

Volca Winemakers Selection Sauvignon Blanc Marlborough 750 mL 758

Southern Glazers Wine

Flusso Winemakers Selection Malbec Mendoza 750 mL 770
Louis Latour Macon Village Chameroy Chardonnay 750 mL 98083
Louis Latour Pinot Noir Les Bastides 750 mL 98082

EFFECTIVE DATE: The transference to closeout will become effective November 28, 2020

Motion Made: Board Member Negra

Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve all Product Selection actions.

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FINANCIAL REPORT *Michael J. Burns, Comptroller Operations, Office of Budget*

**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statement of Net Position
(Unaudited)**

	<u>August 31, 2020</u>	<u>August 31, 2019*</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 46,278,623	\$ 57,378,297
Investments - short term	249,101,858	260,153,830
Accounts and claims receivable, net	7,361,622	3,276,857
Due from other funds - Note 9	-	-
Merchandise inventories, net	226,010,302	250,130,411
Operating supplies	484,468	185,399
Prepaid expenses	1,596,751	1,762,610
	530,833,624	572,887,404
Total current assets		
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	20,875,220	20,875,220
Leasehold improvements	197,771	341,826
Machinery and equipment	49,422,554	48,829,989
Intangible - internally generated software	22,326,045	23,428,163
Intangible - right to use leases - Note 10	276,580,728	295,209,733
	74,112,988	72,702,277
Less: accumulated depreciation	74,112,988	72,702,277
Net depreciable capital assets	295,289,330	315,982,654
Total non-current capital assets	295,612,303	316,305,627
	826,445,927	889,193,031
Total assets	\$ 826,445,927	\$ 889,193,031
Total deferred outflows of resources - Notes 5, 6		
	\$ 126,600,269	\$ 161,434,631
<u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 282,737,334	\$ 297,748,216
Other accounts payable	25,921,595	21,462,704
Accrued expenses	21,529,193	20,301,464
OPEB - Note 6	18,874,000	8,994,000
Self-insurance, workers' compensation - Note 7	6,595,210	6,193,938
Due to other funds - Note 9	6,109,793	5,982,800
Due to fiduciary funds - Note 9	3,275,661	3,016,123
Due to other governments - Note 9	876,276	789,768
Right to use liabilities - Note 10	47,418,330	49,279,873
	413,337,392	413,768,886
Total current liabilities	413,337,392	413,768,886
Non-current liabilities:		
OPEB - Note 6	424,389,000	565,897,000
Self-insurance, workers' compensation - Note 7	47,995,269	48,841,124
Net pension liability - Note 5	464,419,520	536,691,336
Compensated absences - Note 1	24,809,043	21,598,132
Right to use liabilities - Note 10	220,744,798	238,095,816
	1,182,357,630	1,411,123,408
Total non-current liabilities	1,182,357,630	1,411,123,408
Total liabilities	\$ 1,595,695,022	\$ 1,824,892,294
Total deferred inflows of resources - Notes 5, 6		
	\$ 402,009,738	\$ 297,770,836
<u>NET POSITION</u>		
Net investment in capital assets	\$ 295,612,303	\$ 316,305,627
Deficit	(1,340,270,867)	(1,388,341,095)
Total net position	\$ (1,044,658,564)	\$ (1,072,035,468)

*The fiscal year (FY) 2019-20 comparative information is adjusted to recognize the estimated impact of GASB Statement No. 87 which has been implemented for the FY 2020-21 reporting period. Under GASB 87, operating leases previously expensed based on payment schedules are reported as assets with associated liabilities for future lease payments. Additionally, certain FY 2019-20 operating expenses and miscellaneous revenues have been reclassified to Cost of Goods Sold and Sales respectively to provide comparability with the FY 2020-21 presentation.

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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Month Ending August 31, 2020 and August 31, 2019
(Unaudited)**

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 177,480,114	\$ 180,457,408
Cost of goods sold	<u>(120,426,005)</u>	<u>(123,538,988)</u>
Gross profit from sales	57,054,109	56,918,420
Operating (expenses):		
Retail operations	(29,807,512)	(31,256,532)
Marketing & merchandising	(502,813)	(901,621)
Supply chain	(910,799)	(612,978)
Wholesale operations	(122,677)	(131,065)
Information technology services	(1,079,570)	(2,385,612)
Regulatory affairs	(1,535,006)	(1,701,372)
Administration	(696,478)	(937,341)
Finance	(178,661)	(240,000)
Board & secretary	(254,024)	(221,495)
Legal	(352,659)	(224,769)
Commonwealth provided services - Note 2	<u>(1,173,977)</u>	<u>(1,181,955)</u>
Total	<u>(36,614,176)</u>	<u>(39,794,740)</u>
Operating profit/(loss)	20,439,933	17,123,680
Other operating revenues (expenses):		
Enforcement fines	89,071	127,475
License fees	3,345,916	3,283,859
Miscellaneous income	92,021	170,916
Administrative law judge	<u>(212,315)</u>	<u>(234,794)</u>
Total	<u>3,314,693</u>	<u>3,347,456</u>
Total operating income/(loss)	23,754,626	20,471,136
Miscellaneous revenues (expenses):		
Interest income (expense)	(314,671)	124,797
Other	<u>-</u>	<u>-</u>
Total	<u>(314,671)</u>	<u>124,797</u>
Income/(Loss) before operating transfers	23,439,955	20,595,933
Operating transfers out:		
PSP enforcement - Note 3	(2,137,236)	(2,509,716)
Net Income/(Loss) from operations	<u>21,302,719</u>	<u>18,086,217</u>
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	21,302,719	18,086,217
Total net position - beginning	<u>(1,065,961,283)</u>	<u>(1,090,121,685)</u>
Total net position - ending	<u>\$ (1,044,658,564)</u>	<u>\$ (1,072,035,468)</u>
Liquor tax	31,923,707	32,152,366
State Sales Tax	12,651,326	12,657,009
Local Tax	740,018	789,971
Taxes remitted to Dept.of Revenue PTD	<u>\$ 45,315,051</u>	<u>\$ 45,599,346</u>

*The fiscal year (FY) 2019-20 comparative information is adjusted to recognize the estimated impact of GASB Statement No. 87 which has been implemented for the FY 2020-21 reporting period. Under GASB 87, operating leases previously expensed based on payment schedules are reported as assets with associated liabilities for future lease payments. Additionally, certain FY 2019-20 operating expenses and miscellaneous revenues have been reclassified to Cost of Goods Sold and Sales respectively to provide comparability with the FY 2020-21 presentation.

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Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Two Months Ending August 31, 2020 and August 31, 2019
(Unaudited)

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 358,635,033	\$ 350,674,675
Cost of goods sold	<u>(243,028,004)</u>	<u>(239,063,208)</u>
Gross profit from sales	115,607,029	111,611,467
Operating (expenses):		
Retail operations	(60,685,408)	(61,803,891)
Marketing & merchandising	(1,020,586)	(2,146,392)
Supply chain	(1,360,007)	(1,151,453)
Wholesale operations	(264,267)	(245,868)
Information technology services	(3,807,479)	(5,251,002)
Regulatory affairs	(3,069,806)	(3,342,321)
Administration	(1,540,880)	(1,916,389)
Finance	(613,659)	(650,953)
Board & secretary	(503,068)	(537,750)
Legal	(651,643)	(608,475)
Commonwealth provided services - Note 2	<u>(2,242,426)</u>	<u>(2,188,631)</u>
Total	<u>(75,759,229)</u>	<u>(79,843,125)</u>
Operating profit/(loss)	39,847,800	31,768,342
Other operating revenues (expenses):		
Enforcement fines	153,376	299,006
License fees	6,386,209	5,954,643
Miscellaneous income	358,104	339,718
Administrative law judge	<u>(423,818)</u>	<u>(487,423)</u>
Total	<u>6,473,871</u>	<u>6,105,944</u>
Total operating income/(loss)	46,321,671	37,874,286
Miscellaneous revenues (expenses):		
Interest income (expense)	(626,770)	212,227
Other	<u>-</u>	<u>-</u>
Total	<u>(626,770)</u>	<u>212,227</u>
Income/(Loss) before operating transfers	45,694,901	38,086,513
Operating transfers out:		
PSP enforcement - Note 3	(4,604,008) <u>(4,604,008)</u>	(4,935,285) <u>(4,935,285)</u>
Net Income/(Loss) from operations	41,090,893	33,151,228
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	41,090,893	33,151,228
Total net position - beginning	<u>(1,085,749,457)</u>	<u>(1,105,186,696)</u>
Total net position - ending	<u>\$ (1,044,658,564)</u>	<u>\$ (1,072,035,468)</u>
Liquor tax	64,375,558	62,616,186
State Sales Tax	25,440,602	24,653,455
Local Tax	1,428,733	1,553,349
Taxes remitted to Dept.of Revenue YTD	<u>\$ 91,244,893</u>	<u>\$ 88,822,991</u>

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OTHER ISSUES

Transfer of Lottery Funds.....Michael Demko, Executive Director

Requesting Board authorization to transfer from the State Stores Fund to the General Fund lottery commissions and incentives of \$283,461.77 earned during the 1st quarter of fiscal year 2020-21.

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve the transfer of lottery funds.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

Mr. Chris Comisac joined the conference and indicated a desire to discuss the Board’s ability to waive licensing fees. He stated it was his understanding that this past summer the Board had addressed a letter to the legislature indicating that the Board did not possess authority to waive fees. He asked what changes had taken place to affect the approval of the instant Advisory Notice revision.

After indicating that he believed a legislator had in fact inquired as to the possibility of reducing a fee, Chairman Holden deferred to Chief Counsel Diaz. Chief Counsel Diaz affirmed that the Administrative Code authorizes the agency to charge a specific amount and cited instances wherein other agencies had opted not to charge fees as a precedent. Chief Counsel Diaz explained that the Board had the authority to set fee amounts in certain situations, but that such authority did not apply to the inquiry to which Mr. Comisac referred. In general, Chief Counsel Diaz stated that the Board must choose between charging fees for previously established amounts and not charging them at all.

Mr. Neil Stredid from the York Daily Record requested clarification regarding the Board’s decision to waive licensing fees and asked how this might affect licensees who had already paid the fees. Chairman Holden indicated that he would again defer to Chief Counsel Diaz after stating that matters of fairness had been taken into consideration.

Chief Counsel Diaz explained that the agency’s original guidance did not involve waiving fees but that most licenses were renewed appropriately nonetheless. Chief Counsel Diaz emphasized the importance of making sure the agency’s records are accurate and that renewals and validations will still be required for 2021. Mr. Stredid questioned if any discussions were held regarding reimbursements for 2020 fees. With regard to the potential for reimbursements, Chief Counsel Diaz cited substantial logistical problems that the agency would encounter should this be done, perhaps the most notable problem involving the fact that licensing fees are returned to municipalities for specific calendar years.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, November 18, 2020 beginning at 11:00 A.M. Prior to the public meeting, there will be an Executive Session to discuss matters of personnel and to engage in non-deliberative informational discussions, some of which are regarding actions and matters which have been approved at previous public meetings.

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ADJOURNMENT

On a motion by Board Member Negra, seconded by Board Member Isenhour, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary